GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:985
ANSWERED ON:27.07.2001
RECOMMENDATIONS OF TALWAR PANEL
SUBODH MOHITE

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have examined the recommendations made by S.P. Talwar Panel on weak public sector banks;

(b) if so, the details thereof;

(c) the reaction of the Government thereto;

(d) the amount of capital infusion suggested by the panel; and

(e) the decision of the Government on this suggestion ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) to (e):- The High Level Group under Shri S.P. Talwar, the then Deputy Governor, Reserve Bank of India, which examined the restructuring plans of three weak nationalized banks viz. Indian Bank, UCO Bank and United Bank of India considered the various options and concluded that restructuring of the weak banks with requisite capital infusion by the Government of India is the best alternative for turn-around of the three weak nationalized banks.

The proposed comprehensive restructuring of three weak banks contain financial as well as non financial parameters including reduction in cost of deposits, acceleration of NPA recovery, reduction in overhead costs and operating expenses, rationalization of branch network, hiving off of unprofitable subsidiaries, closure of unviable overseas operations, growth of non-fund business, better cash management, optimum redeployment of staff, technology upgradation, image building and proper succession planning etc.

It has, inter-alia, recommended recapitalization assistance of Rs. 2300/- crores over two years for the three weak banks to enable them to achieve/maintain prescribed capital adequacy ratio.

The recommendations of the Group are under examination of the Government.